

TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE

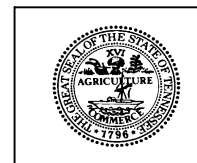
BOARD FOR LICENSING CONTRACTORS

Mailing Address: 500 JAMES ROBERTSON PKWY., NASHVILLE, TENNESSEE 37243-1150

Contact: (615) 253-5741 or (800) 544-7693 or Fax – (615) 532-2868

<http://tennessee.gov/commerce/boards/contractors/> Email: Karen.Baker@tn.gov

Deadline Date: Last day of the month prior to board meeting (see "Calendar" on website)



**REVISION REQUEST
MONETARY LIMIT INCREASE**

*(*Experience list is required!)*

NO FEE (See page four (4) for further instructions and check list)

In accordance with Contractor's Rule 0680-1-.14, a licensee may request the Board to consider revision of their monetary limitation at any of the regular Board meetings; increases cannot be granted in-office. All requests require a current **REVIEWED** or **AUDITED** financial statement, prepared by an actively licensed **CPA** or **PA** on **GAAP** basis, with experience sheet or resume. Financial statements defined as current are less than one (1) year; cannot be prepared on **income tax basis** or **compiled**; these are **UNACCEPTABLE**.

All increase request of \$1,500,000 OR LESS, require a REVIEWED financial statement, prepared by a CPA or PA, (Example: Going from \$200,000 to \$500,000; or from \$750,000 to \$1,500,000, etc.) plus *experience.
(FYI - Renewal of license does not require a "Reviewed" financial statement; only increase requests.)

For increases, which will take the limit GREATER THAN \$1,500,000, require an AUDITED financial statement prepared by a CPA or PA. (Example: \$1,500,000 to \$2,500,000 or \$800,000 to Unlimited.) Must show at least \$300,000 in working capital and net worth for "Unlimited" license, plus *experience.
(FYI - Renewal of license requires a "Reviewed" and does not require an "Audited" financial statement; only increase requests.)

MONETARY LIMIT IS BASED 10 TIMES THE LESSER OF BOTH WORKING CAPITAL AND NET WORTH. WORKING CAPITAL IS "CURRENT ASSETS, MINUS CURRENT LIABILITIES"; NET WORTH IS "TOTAL ASSETS, MINUS TOTAL LIABILITIES".

At the Board's discretion, a "Line of Credit" on our format (attached) by an FDIC approved bank, savings and loan, may be used to increase the working capital. **Personal financial statements with the "Guaranty Agreement" may be used to increase the net worth and working capital at 50%. Cash only statements require supplemental/personal financials with a Guaranty Agreement. **** (Note: Supplemental personal financial statements, submitted in addition to the review or audit, are not required to be prepared by a CPA/PA.)**

A request for increase must be received in the Board office by the **last day of the month** before the month in which the Board meets. The Board is scheduled to meet January, March, May, July, September and November. For example, request must be received by August 31st to be reviewed at the September meeting. *(Note: The contractor is not required to be at the meeting!)*

Hardship Requests - In order for a request to be granted prior to the meeting, the "owner" of the project must submit a hardship request in writing for the contractor, stating the hardship, bid date, details of the project and why they need this contractor to bid (see hardship request form on the website). Application must be complete and contractor's cannot bid until increase is confirmed! (Violation of the law will void hardship request.)

All licensees must be current and valid in order to be reviewed by the Board. New licensees (licensed less than one year) cannot be granted an increase, without special permission and a detailed explanation. Should an increase be requested at renewal time, please mail separately. Note: Upon approval, a license certificate will be issued for the renewal and another certificate will be issued when the increase is granted. The Board sets the monetary limit based on experience of projects for the amount requested (you may list personnel's experience from other companies). Status may be checked at the "License Search" link from our website at: or directly at: <http://licsrch.state.tn.us/> after the board meeting.

NOTE: T.C.A. §62-6-120, prohibits a contractor from offering to engage above their limit, prior to limit increase approval. Revisions are approved by the Board, only; the staff cannot approve these requests. Make sure you have your approval in writing before bidding!!!

For further assistance, please contact the Revision Section at (615) 253-5741 or 1-800-544-7693.

(IN-1321) Rev. 6/2009

BOARD FOR LICENSING CONTRACTORS
Mailing Address: 500 JAMES ROBERTSON PKWY.
NASHVILLE, TN 37243-1150

TELEPHONE: (615) 253-5741 or 800-544-7693 or FAX: (615) 532-2868

NO FEE

INCREASE REQUEST

LICENSE ID #000 _____

Date: _____

COMPANY NAME: _____

ADDRESS: _____

(Address Change ☐ No ☐ Yes – Address above is new address)

TELEPHONE: (____) _____ - _____ (Work) / (____) _____ - _____ (Cell) / (____) _____ - _____ (Fax)

EMAIL: _____

Mode of Operation as Licensed: [☐] Corporation [☐] Partnership [☐] Individual [☐] LLC (Limited Liability Co.)

Classification(s): _____ License Expiration Date: _____

GENERAL LIABILITY INSURANCE ATTACHED: ☐ Yes ☐ No (Incomplete - cannot be reviewed until received!)

REQUESTING BOARD REVIEW TO INCREASE MONETARY LIMIT TO:

Company _____ ***HAS** _____ **HAS NOT** bid or performed work in which we are not properly licensed or in excess of our license limit. **If you checked "HAS," please attach an explanation; See T.C.A. § 62-6-120)*

PRINT OWNER/OFFICER'S NAME

SIGNATURE

DATE

ATTACHMENTS- FINANCIAL STATEMENT; EXPERIENCE; PROOF OF INSURANCE; ETC., (CONTINUED →)

FOR OFFICE USE ONLY

Current Monetary Limit: \$ _____ Limit Requested: _____

[☐] Audit [☐] Review - Date of Financial Statement: _____

Financial Submitted: ☐ Personal ☐ Company ☐ Corporate ☐ Parent

Guaranty Agreement: ☐ Attached ☐ In File ☐ Not Needed

COMPANY W/C		COMPANY N/W	
PERSONAL W/C		PERSONAL N/W	
50% PERS. W/C		50% PERS. N/W	
LINE OF CREDIT			
TOTAL W/C:		TOTAL N/W:	

Auditor Notes: _____

Approved: _____

[☐] Approved for: _____

[☐] Approved upon receipt of: _____

[☐] Denied--Reason: _____

Board Member Initials

Date

DUPLICATE XACT# _____ PREPARED BY: _____ ISSUED: _____

Additional Info Ltr: _____



EXPERIENCE SHEET

LICENSE ID#: 000_____

1. Date:_____ Job Name_____ Spec/ Contract Amount\$_____

Type of Work:_____

Location of Job:_____

Name of Customer/Owner:_____ Date Completed:_____
Month / Year

Name of Company Performing Work:_____

Comments:_____

2. Date:_____ Job Name_____ Spec/ Contract Amount\$_____

Type of Work:_____

Location of Job:_____

Name of Customer/Owner:_____ Date Completed:_____
Month / Year

Name of Company Performing Work:_____

Comments:_____

3. Date:_____ Job Name_____ Spec/ Contract Amount\$_____

Type of Work:_____

Location of Job:_____

Name of Customer/Owner:_____ Date Completed:_____
Month / Year

Name of Company Performing Work:_____

Comments:_____

4. Date:_____ Job Name_____ Spec/ Contract Amount\$_____

Type of Work:_____

Location of Job:_____

Name of Customer/Owner:_____ Date Completed:_____
Month / Year

Name of Company Performing Work:_____

Comments:_____

5. Date:_____ Job Name_____ Spec/ Contract Amount\$_____

Type of Work:_____

Location of Job:_____

Name of Customer/Owner:_____ Date Completed:_____
Month / Year

Name of Company Performing Work:_____

Comments:_____

(Note: Comments may include or describe working as a subcontractor, joint venture, employed with licensed contractor, etc.)

INSTRUCTIONS/CHECK-LIST

- _____ 1. Complete the attached increase request form and sign (page 2); no fee required.
- _____ 2. Attach a list of experience (may use page 3).
(If you have not listed experience where you've utilized your current limit, and have no experience working as a subcontractor or joint ventured with another licensed contractor on projects for the larger limit requested, you will need to supply an explanation of why you need an increase without having sufficient experience, such as, opportunity to bid coming up, etc.)
- _____ 3. Attach proof of general liability insurance (see page 11).
- _____ 4. Attach financial statement prepared by a CPA/PA with a "Reviewed" or "Audited" opinion.
(See pages 5 – 10 for additional financial statement information. If you need to submit Supplemental financial statements to support financial statement, the following may also be needed:
 - _____ - Supplemental Personal Financial Statement
 - _____ - Guaranty Agreement (required with all supplemental statements) (Page 10)
 - _____ - Line of Credit (Page 9)
 - _____ - Proof of Life Insurance Value (If listed on supplemental financial statement)
- _____ 5. Hardship to Owner - If this is needed prior to the next Board meeting, and is defined as a hardship to the owner/customer, not the contractor, they may complete a "HARDSHIP" request for you to submit with your completed application, to expedite the revision. Details on hardship requests are available on the website. Must include the bid date, reason of hardship, details of the project, etc., and why another licensed contractor cannot bid the project. Law violations will void any hardship request or approval.
- _____ 7. Check with your CPA to make sure you have enough working capital and net worth for the increase you are requesting, to meet the financial requirements.
(Example: A minimum of \$50,000 for the lesser of both working capital and net worth, is needed for an increase to \$500,000; a minimum of \$300,000 in both working capital and net worth is required for "Unlimited" plus experience. Review the financial information to be sure you included any required personal financial statements with a Guaranty Agreement; proof of value of life insurance, etc.)
- _____ 8. Do not mail the revision request with renewal; submit separately! If requesting an increase at renewal time, you will receive two (2) license certificates; one for the renewal transaction and one for the revision. Keep a copy of the revision request for your records.
- _____ 9. If you checked "HAS" bid on page 2 and in violation of T.C.A. § 62-6-120 (offering to engage without proper license), please submit an explanation. If you were given a citation, please attach proof of where the civil penalty has been paid. Depending on the time, complaint history and circumstances, the increase may be denied or held for six (6) months.
- _____ 10. Mail to: **Contractor's Board, 500 James Robertson Parkway, Nashville, TN 37243**
(Must be received (not postmarked) by the last day of the month to be reviewed at the next scheduled Board meeting. Allow 5 to 7 business days for mail receipt. (Example: Received on August 31st, reviewed at the September meeting. If hand-delivering, Board's physical address is at the Andrew Johnson Tower, 3rd Floor/719 James Robertson Parkway.)

Process

Upon receipt of your license revision request, you will be sent an acknowledgment letter confirming receipt. If additional information is needed to complete your request after an audit is made, a letter will be sent to you with a date the information is needed by in order to make the meeting. Personal interviews are not required for revisions. Staff will only provide the Board with requests which are complete and do not lack any information required; *and those received (not postmarked) by the deadline date.* Those received after the deadline date will be presented if time allows, or at the next scheduled board meeting. For meeting dates, you may review the "Calendar" from our website. After the meeting, staff will process for revised licenses to be issued and mailed. You may check the status from the "License Search" located on our website.

The Board is charged with the responsibility to protect the public's safety and welfare and regulate the licensing of contractors. Therefore, the information we've requested, which is in accordance with the statute, will provide them assistance in making a conscientious decision to grant your license revision request and in a timely manner. We encourage you to keep abreast of law changes. More information relative to the license law, rules and regulations are available on our website at: <http://tennessee.gov/commerce/boards/contractors/>

INFORMATION FOR FINANCIAL STATEMENTS
(You must provide your CPA or Licensed PA with this information!!)

NOTE TO CPA/PA: Please advise your client of their working capital, net worth and monetary limit, and let them know our in-house auditor will review prior to the Board meeting.

ALL applicants MUST have either a REVIEWED or AUDITED financial statement prepared by a CPA or Licensed PA, in accordance with T.C.A. § 62-6-111.

COMPILED STATEMENTS AND STATEMENTS PREPARED ON INCOME TAX BASIS WILL NOT BE ACCEPTED!!

- Licenses are issued in the **EXACT** name that appeared on the financial statement. Be sure the name on the financial statement for your revision and the name throughout your application are the **EXACT** same as on your license.
- Request for monetary limits **EQUAL TO or LESS THAN \$1,500,000.00** require a **REVIEWED** or **AUDITED** financial statement.
- Request for monetary limits **GREATER than \$1,500,000.00** requires an **AUDITED** financial statement.
- **ALL** financial statements **MUST** be prepared by a **CPA or PA**. Their license must be current and in good standing in the State where their business is located, and must be equivocal to Tennessee. You may check with the Accountancy Board for accounting license requirements at: <http://tennessee.gov/commerce/boards/tnsba/>
- **ALL** financial statements **MUST** include the following:
 - 1) CPA signed opinion letter. This will provide the opinion on the licensee or applicant exactly as the license will be issued.
 - 2) Balance sheet. The balance sheet must list the assets (separated into current and long term); and the liabilities (separated into current and long term) based on the Generally Accepted Accounting Principals (GAAP).
 - 3) Notes to the financial statement. This is requested to explain to the Board how the figures were determined.
 - 4) Audited statements must include the profit and loss statement and cash flow statement.

Note: The Board considers retirement plans, profit sharing plans, IRA's, 401-K's, etc., at **50%** of their value to allow for tax liability.

FINANCIAL STATEMENTS MUST BE PREPARED ON YOUR CPA'S OWN FORMAT. Financial statements **MUST** be current (current is no older than twelve (12) months). In addition to a reviewed or audited financial statement, the Board may require a personal financial statement if you do not submit an operating statement or cash only. The supplemental personal financial statement does not have to be prepared by a CPA or PA and may be prepared by yourself; or you may submit a compiled from the accountant.

Example Monetary Limit Calculation

This example contains a summary balance sheet for illustrative purposes; a summary balance sheet is not acceptable for complying with the boards requirements.

Contractor's Financial Statement

XYZ Contractor Company (name must be exactly as licensed)		
Balance Sheet		
MM/DD/YYYY		
Assets		
Current Assets		\$14,000
Non-Current Assets		<u>20,000</u>
Total Assets		34,000
Liabilities		
Current Liabilities		16,000
Long-Term Liabilities		<u>10,000</u>
Total Liabilities		26,000
Equity (Net Worth)		<u>8,000</u>
Total Liabilities and Equity		34,000

Working Capital = \$14,000 – 16,000 = **(2,000)** (Parenthesis around number denotes a negative value)

Net Worth = \$34,000 – 26,000 = **8,000**

Example: Supplemental Financial Statement to support monetary limit (**Guaranty Agreement** must be properly completed).

John and Jane Doe (must complete Guaranty Agreement)		
Balance Sheet		
MM/DD/YYYY		
Assets		
Current Assets		\$4,000
Non-Current Assets		<u>220,000</u>
Total Assets		224,000
Liabilities		
Current Liabilities		13,000
Long-Term Liabilities		<u>140,000</u>
Total Liabilities		153,000
Equity (Net Worth)		<u>79,000</u>
Total Liabilities and Equity		224,000

Working Capital = \$4,000 – 13,000 = **(9,000)** (Parenthesis around number denotes a negative value)

Net Worth = \$224,000 – 153,000 = **79,000**

- The working capital is taken at full value and the net worth is accepted at 50%, both are added to overall values.
- The Contractor also submitted a properly completed Letter of Credit from a Bank for **\$100,000**. This letter of credit is reduced by 50% due to a negative contractor's working capital.
- Total Working Capital = **(2,000) + (9,000) + 50,000** (50% of Line of Credit) = **\$39,000**
- Total Net Worth = **\$8,000 + 39,500** (50% of Personal Financial statement) = **\$47,500**

These values support a maximum Monetary Limit of **\$390,000** (10 times lesser of W/C and N/W)

Contact a Certified Public Accountant (CPA) or a Licensed Public Accountant (PA) actively licensed in the state where your business operates. In Tennessee, you may check with the "Tennessee Board of Accountancy" at <http://tennessee.gov/commerce/boards/tnsba/>. Out of state contractors may use their CPA licensed in their state if they are considered equivocal.

In order to obtain an increase in license monetary limit, a CPA/PA must prepare a financial statement within the following guidelines:

- **"Reviewed"** opinion (required for a monetary limit of **\$1,500,000 or less**); or
- **"Audited"** opinion (required for a monetary limit **exceeding \$1,500,000**); based on "Generally Accepted Accounting Principles" (GAAP);
- Contractor licenses are issued according to the **NAME** appearing on the **financial statement**; therefore, the statement must be in the name exactly as licensed.
- Compiled financial statements are **NOT** acceptable, except for supplemental personal statements.
- Financial statements prepared on an income tax basis are **NOT** acceptable
- Contractors with financial statements showing "Cash" only instead of an operating business statement, must submit, in addition to the reviewed/audited financial statement, a personal or supplemental financial statement, with a guaranty agreement (spouses must also sign Guaranty). Supplemental personal statements submitted in addition to the CPA/PA prepared statements, are not required to be prepared by a CPA.
- Limited Liability Company (LLC) may be required to submit personal financial statements and a Guaranty Agreement, unless it is on file from first obtaining a license.

Monetary Limit Determination

The monetary limit is the total dollar amount per each individual contract or project. A contractor cannot split a contract into phases to work within their limit, however, a 10% tolerance is allowed (except for BC-A/r). A contractor with a monetary limit of \$150,000 may contract up to \$165,000 without being in violation. In addition, there is no limit of the number of projects a contractor may perform.

Example: Monetary limits are based on the maximum of “10 times the lesser” of both working capital and net worth, plus experience listed as working on these size projects (may be while working for other contractors, spec homes or subcontracts, etc.). A license limit of \$150,000 must show working capital and net worth of at least \$15,000. Since the limit is based on the lesser of the two, a contractor with a working capital of \$10,000 and net worth of \$200,000 would qualify for \$100,000, if experienced on these size jobs. The contractor in this example may supplement a “Line of Credit” in the amount of \$5,000 to increase working capital or submit a personal financial statement with Guaranty.

Unlimited License Limit

To obtain an unlimited license, the contractor must show in excess of \$300,000 in working capital and net worth, experience, and an “Audited” financial statement.

Working Capital and Net Worth

Please ask your CPA/PA to determine the amount of your working capital and net worth. Working capital is “current assets minus current liabilities”. Net worth is “total assets minus total liabilities”. Monetary limit is based on the lesser of both net worth and working capital, and experience.

Financial statement- A balance sheet listing all of the assets and liabilities of the entity holding the license:

- The balance sheet should not contain personal assets or liabilities
- A classified balance sheet is preferred over an unclassified balance sheet (classified-separates assets and liabilities into current and non-current (long-term))
- The financial statement must be in **exactly the same name as licensed**
- The balance sheet should contain a full date, including the month, day, and year

CURRENT ASSETS are cash and those assets that are reasonably expected to be realized in cash or sold or consumed within one year or within a business’s normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress
- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50%
- Cash surrender value of life insurance policies (proof required if impacts working capital 50%)
- Trade accounts receivable, notes and other receivables that are expected to be collected within one year
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

The following are not current assets, however, since they generally are not expected to be converted into cash within one year:

- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments/deferred charges that will not be charged to operations within one year
- Notes receivables from stockholders or owners

CURRENT LIABILITIES are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes

- Other obligations, including portions of long-term obligations, that are expected to be liquidated within one year*

Current liabilities do not include long term notes, bonds, and obligations that will not be paid out of current assets.

All financial statements submitted should separate current portion of long term debt according to standard accounting principals.

Guaranty Agreement

A “Guaranty Agreement” (see sample format in this application) with personal or parent company financial statement may be needed for the following:

- Contractors submitting “cash” only financial statements due to being a new company with no operating statement, will be required to submit a Guaranty with their personal financial statement; Spouse must also sign Guaranty Agreement, if applicant is married;
- Contractors needing to supplement their working capital and/or net worth for their monetary limit, may use personal statement at 50% value with Guaranty;
- Contractors where their company/subsidiary is owned by another entity/parent; must each submit a Guaranty, with their owners financial statements;
- Subsidiary contractors, which are without a reviewed or audited financial statement, may submit a request for the board to accept an in-house financial statement in the name to be licensed, with their parent company’s audited or reviewed statement and a signed “Guaranty Agreement”;
- Limited Liability Company (LLC) where they cannot be held liable, may need to submit unless on file from originally obtaining a license;
- Entity guarantors sign on “Corporate” section; others sign at “Personal” guarantor section;
- Guaranty Agreements are a matter of public record; financial statements are confidential.

Line of Credit

A Line of Credit (LOC), in the Board’s exact format, in the exact name as financial statement, may be considered to supplement working capital. The LOC must come from a FDIC approved bank, savings and loan institution. If working capital is negative, the Board may consider no more than 50% percent of LOC with guaranty agreement financials. The Board will not issue a license based on the sole value of a LOC and must accompany their entity’s independent CPA’s prepared audit or reviewed financial statement.

Notice: Financial statements are considered confidential and not public information. However, a Guaranty Agreement is considered public information and may be released if it was utilized to obtain monetary limit.

The next two pages, “Line of Credit” and the “Guaranty Agreement” may be used to support your financial statement)

LINE OF CREDIT

TO BE WRITTEN ON BANK, SAVINGS & LOAN LETTERHEAD
(May be used if WORKING CAPITAL does not support monetary limit requested)

DATE

TO: CONTRACTOR LICENSEE NAME (Individual, Corporation, Partnership or LLC)
Address
City, State and Zip

Dear Contractor:

You have requested of (Name of Bank, Savings and Loan FDIC Institution) to establish a line of credit which will be available to (Contractor's Name as to be on License) for use in conducting the contracting business for which a license is being sought from the State of Tennessee Board for Licensing Contractors.

We hereby establish a line of credit for these purposes in the amount of \$_____ which will be maintained for a period of one year from the date of license issuance, subject to no adverse change in your financial condition.

As a condition of this arrangement, it is our understanding you will inform us and the Board for Licensing Contractors of any significant change(s) in your financial condition during the term of this commitment.

We the undersigned will endeavor to notify the Board for Licensing Contractors should we become aware of any significant change(s) in financial conditions of the above named applicant.

The undersigned hereby agrees to notify the Board for Licensing Contractors should we withdraw and/or eliminate the above named applicant's credit line.

By _____
Name Title

SAMPLE LETTER -- FOR BANK USE ONLY

Contractor & Bank Instructions

- To increase the working capital, a contractor may take this **SAMPLE** form to their bank; does not increase the net worth
- If a contractor's working capital is negative, only 50% of the Line of Credit (LOC) value is applied
- The LOC is for the contractor's use and may be utilized at any time by the contractor
- This format's exact wording must be used in order for the Board to consider accepting; any deviation will delay process
- Original LOC document must be submitted; copies are not acceptable
- Name on LOC must be in the **EXACT NAME** as on the license and financial statement
- Lending institution must be a bank, savings and loan which is FDIC approved
- Website is at: <http://tennessee.gov/commerce/boards/contractors/>
- Bank may contact the Board Office at Contractor.Renewal@tn.gov to obtain the LOC in non-pdf format

License ID#000 _____

GUARANTY AGREEMENT

(Required with supplemental financial statements to increase working capital or net worth and/or cash only statements)

I/we, the undersigned person(s), natural or corporate, do hereby pledge and agree to guarantee the debts and obligations of the within named contractor for all debts and obligations arising out of the contracting activities of the Contractor as defined by TENNESSEE CODE ANNOTATED, section 62-6-101.

This **GUARANTY AGREEMENT** is being executed at the request of:

(NAME AS ON LICENSE)

The contractor, to which this document is applicable, for the express purpose of providing additional financial security and stability for said Contractor in order to obtain a license to engage in contracting in the State of Tennessee, Board for Licensing Contractors.

I/we the undersigned Guarantors agree and contract to pay any and all debts and obligations of said Contractor as provided for above should they fail and refuse to pay and/or default on same.

I/we the undersigned Guarantors, agree to furnish and supply the Board with any and all financial reports, statements and information to which they may request in order to provide evidence of my/our financial security and stability.

I/we understand and agree that where the words "indemnities" appear in Rule #0680-1-.13 of the rules of the Board, it shall be in reference to this document, its title and wording to the contrary, pursuant T.C.A. 62-6-111(g)(1)(E), all liabilities indemnified.

This document and the obligation undertaken shall expire and shall become null and void upon expiration of any license granted the Contractor by the Board or upon joint request, in writing, of the undersigned Guarantors and the Contractor, with the approval of the Board, provided, however, that any and all debts and obligations for, or arising out of work in process, upon the expiration, nullification and/or cancellation of this agreement, shall be covered and the Guarantor(s) herein shall remain liable for same.

* * *

*Corporate parent financial statements submitted to indemnify and/or increase working capital and net worth of licensee, must complete corporate section, sign and NOTARIZE.

**Personal guarantors may indemnify and/or increase working capital and net worth of licensee, complete personal section, sign and NOTARIZE. (Signature of all persons named on financial statement, such as SPOUSE, is required.)

***CORPORATE /PARENT GUARANTOR SECTION**

****PERSONAL GUARANTOR SECTION**

Entity Name on Corporate/Parent Financial Statement

Signature of Personal Guarantor

Name: _____
Title: _____

Signature of Spouse/Additional Guarantor

***Signature of Corporate Official**

As corporate official, I am fully authorized to bind and obligate the corporation to the terms and conditions of this document as stated herein. Attached is *the supplemental financial statement*.

NOTARIZE

Subscribed before me this _____ day of _____, 20_____.

My Commission Expires: _____

Notary Public Signature
(SEAL)

GENERAL LIABILITY INSURANCE

Effective July 1, 2007, a new law requires all contractors to obtain General Liability Insurance in order to renew or apply for a contractor's license. In addition, workers compensation insurance is also required.

In order to comply with the new legislation, the Board has established the following as a "minimum" amount of coverage to obtain and a rulemaking will be held to discuss these amounts. Please check with your insurance provider, as they may advise to apply for more or additional coverage, based upon your individual needs, type of construction you perform and the amount of projects.

<u>Contractor's License Monetary Limit</u>	<u>Minimum General Liability Insurance</u>
Up to \$500,000	\$100,000
\$500,001 to \$1,500,000	\$500,000
\$1,500,001 to Unlimited	\$1,000,000

Requirements for Proof of Insurance

The Board requests a **certificate of insurance** (available from your insurance agency) which lists a **policy number** (not binder or account number), a **beginning and expiration date**, and **limits** of the insurance. The **name on the license** must match the **name in the insured box**. The **Board should be listed as the certificate holder**.

Limits required to be listed on Certificate of insurance:

- Each occurrence (this value must comply with minimum requirements listed above)
- Damage to Rented Premises (each occurrence)
- Medical Expense (any one person)
- Personal & Adv Injury
- General Aggregate
- Products- comp/op agg